## Message Text

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**ACTION EB-07** 

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOTE-00 INR-05 NSAE-00 RSC-01 FAA-00 L-02 SS-15 NSC-05

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R 131645Z DEC 74 FM AMEMBASSY ROME TO SECSTATE WASHDC 8650

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E.O. 11652: N/A TAGS: EAIR, IT, US

SUBJECT: CIVAIR - EXTRA SECTION FLIGHTS

REF: STATE 270310

- 1. SUMMARY: EMBASSY DELIVERED NOTE BASED REFTEL TO MFA. MFA APPARENTLY PREFERS SOLUTION ON BASIS GREATER LIBERALITY BY CIVILAVIA IN APPROVING US CARRIER REQUESTS FOR EXTRA CARGO SECTIONS. ALITALIA, HOWEVER, TAKING EXTREMELY HARD LINE, PROBABLY IN EFFORT FORCE USG-GOI CONSULTATIONS AIMED AT REDUCTION IN TWA 1975 SUMMER CAPACITY. END SUMMARY
- 2. EMBOFF DELIVERED NOTE BASED ON REFTEL TO MINISTRY FOREIGN
  AFFAIRS (MFA) REP FIACCADORI (DIRECTOR, CIVAIR AFFAIRS) DECEMBER 12.
  AFTER CAREFULLY READING NOTE, HE REMARKED (RATHER WISTFULLY) THAT
  HE HOPED MFA WOULD BE ABLE PERSUADE CIVILAVIA AND ALITALIA TO BE
  MORE FORTHCOMING ON APPROVAL OF EXTRA SECTIONS, SINCE THIS APPROACH
  APPEARED PREFERABLE TO IMPOSITION PRIOR APPROVAL REQUIREMENT ON
  BASIS OF RECIPROCITY BY USG. EMBOFF AGREED.
- 3. EMBOFF ALSO MADE ORAL PRESENTATION, EXPLAINING THAT USG DID NOT BELIEVE APPROVAL OF EXTRA SECTIONS ONLY WHEN ALITALIA STATED IT DID NOT HAVE SUFFICIENT SPACE AVAILABLE CONSTITUTED "LIBERAL POLICY," TO WHICH GOI HAD COMMITTED ITSELF IN PARA (6) OF MAY 21, LIMITED OFFICIAL USE

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1970 MEMORANDUM OF UNDERSTANDING AND WHICH WAS REAFFIRMED IN

FEBRUARY AND OCTOBER 1973 DURING CAPACITY CONSULTATION BY GENERAL SANTINI ON BEHALF OF GOI. FIACCADORI RESPONDED THAT USG AND GOI OBVIOUSLY HAD DIFFERENT INTERPRETATION OF WHAT CONSTITUTES A QTE LIBERAL POLICY UNQTE.

4. EMBOFF SAW ALITALIA REP LECCESE (DEPUTY DIRECTOR, COMMERCIAL AND INTERNATIONAL AGREEMENTS) DECEMBER 13 TO OBTAIN ALITALIA REACTION TO PREVIOUS DAY'S NOTE. LECCESE SAID ALITALIA HOPED MATTER COULD BE SETTLED OTE ON COMMERCIAL BASIS UNOTE. STATING THAT IT WAS RIDICULOUS FOR ANY CARRIER TO ADD EXTRA SECTION WHEN OTHER CARRIERS HAD SPACE ON THEIR REGULARLY SCHEDULED SERVICES. HE REMARKED THAT, IF USG DESIRES RECIPROCITY ON EXTRA SECTIONS, ALITALIA PREFERS IT BE ON RESTRICTIVE BASIS AS THIS WOULD KEEP CAPACITY AT REASONABLE LEVELS. HE INDICATED ALITALIA WAS UNCONCERNED ABOUT HAVING OBTAIN PRIOR USG APPROVAL FOR EXTRA SECTIONS BECAUSE ALITALIA HAS SUFFICIENT CARGO CAPACITY, WITH COMPLETE LACK OF SUBTLETY, HE SAID HE HOPED US CARRIERS APPRECIATE THE VALUE OF THEIR BEYOND RIGHTS IN ITALY. HE CONCLUDED BY SAYING USG AND GOI SHOULD HAVE GENERAL CONSULTATIONS TO SETTLE ENTIRE CAPACITY OUESTION, SINCE ALITALIA AND TWA HAD BEEN UNABLE AGREE ON SUMMER 1975 CAPACITY.

COMMENT: ALITALIA HAS CHOSEN TO TAKE HARD LINE. THEY APPEAR
TO HAVE NO NEED FOR EXTRA CARGO SECTIONS AS LONG AS THEY OPERATE
747 ON US ROUTES. PAA, ON OTHER HAND, HAS SUBSTITUTED 707 FOR ITS
747 AND, WITH ONLY 2 CARGO FLIGHTS A WEEK, HAS NO FLEXIBILITY TO
HANDLE TEMPORARY CARGO OVERLOAD. TWA HAS ONLY MINOR CARGO PROBLEMS
BECAUSE IT OPERATES 747 BETWEEN US AND ITALY. SEABOARD HAS NO
PROBLEMS AT THE MOMENT. IF ALITALIA CONTINUES ITS QTE COMMERCIAL
UNQTE APPROACH TO EXTRA CARGO SECTIONS PAA WILL BE HURT UNTIL 747
RESTORED TO SERVICE (PROBABLY ABOUT MARCH 1).

- 6. DURING SUMMER SEASON, HOWEVER, IT LIKELY ALITALIA WILL (AS IN PREVIOUS YEARS) HAVE NEED FOR EXTRA PASSENGER SECTIONS -- AS WILL US CARRIERS FROM TIME TO TIME. IN PAST CIVILAVIA HAS REFUSED AUTHORIZE EXTRA PASSENGER SECTIONS, SO RESTRICTIONS ON EXTRA PASSENGER SECTIONS WILL PROBABLY AFFECT ALITALIA MORE THAN US CARRIERS.
- 7. GIVEN DEPARTURE SANTINI AND CARUSO FROM CIVILAVIA, EMBASSY LIMITED OFFICIAL USE

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HAS NO HIGH-LEVEL QTE FRIENDS AT COURT UNQTE IN CIVILAVIA. BEST HOPE OF OBTAINING SHIFT IN ALITALIA/CIVILAVIA POLICY APPEARS TO BE THROUGH CONTINUED PRESSURE ON MFA, WHICH EMBASSY WILL PURSUE. IN EMBASSY'S OPINION, CIVILAVIA APPROVAL EXTRA CARGO SECTIONS UNLIKELY EVEN IF USG RELAXES PRESSURE, GIVEN NEW, MORE AGGRESSIVE ALITALIA POSTURE. EMBASSY BELIEVES ALITALIA'S PRINCIPAL OBJECTIVE IS TO FORCE USG-GOI CONSULTATIONS, WHICH ALITALIA SEES AS ONLY WAY TO DEAL WITH TWA. VOLPE

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